

Action  
OCA 86-1331

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**OFFICE OF CONGRESSIONAL AFFAIRS**

**Routing Slip**

	ACTION	INFO
1. D/OCA		X
2. DD/Legislation	X	
3. DD/Senate Affairs		
4. Ch/Senate Affairs		
5. DD/House Affairs		X
6. Ch/House Affairs		
7. Admin Officer		
8. Executive Officer		X
9. FOIA Officer		
10. Constituent Inquiries Officer		
11.		
12.		

SUSPENSE

30 Apr 86

Date

Action Officer:

Remarks:

*action completed 4/29/86*

*noted name called at OMB*

GJ/ 24 Apr 86

Name/Date

*no  
obj*

Action  
OAG-1351

# OFFICE OF CONGRESSIONAL AFFAIRS

## Routing Slip

	ACTION	INFO
1. D/OCA		X
2. DD/Legislation	X	X
3. DD/Senate Affairs		
4. Ch/Senate Affairs		
5. DD/House Affairs		X
6. Ch/House Affairs		
7. Admin Officer		
8. Executive Officer		X
9. FOIA Officer		
10. Constituent Inquiries Officer		
11.		
12.		

SUSPENSE

31 Apr 86  
Date

Action Officer:

Remarks:

31/24 Apr 86  
Name/Date



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

April 22, 1986

OCA FILE

86-1331  
**SPECIAL**

RECPT #

Chrono

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer -

Department of Justice  
Central Intelligence Agency  
National Security Council

SUBJECT: State draft report on S.1900 amending the Foreign Agents  
Registration Act and S. 1901 amending the Foreign Missions Act.

NOTE: These bills may be considered by the Intelligence  
Committee during mark-up of the Intelligence (CIA)  
Authorization bill. Therefore, it is essential that  
you respond within the deadline.

The Office of Management and Budget requests the views of your  
agency on the above subject before advising on its relationship  
to the program of the President, in accordance with OMB Circular  
A-19.

A response to this request for your views is needed no later than  
COB, WEDNESDAY, APRIL 30, 1986.

Questions should be referred to AnnetteRooney/SueThau (395-7300 ),  
the legislative analyst in this office or to Russ Neely  
(395-4800 ).

*Ronald K. Peterson*

RONALD K. PETERSON FOR  
Assistant Director for  
Legislative Reference

Enclosures

cc: J. Barie

**SPECIAL**



United States Department of State

*Washington, D.C. 20520*

Dear Mr. Chairman:

The Department of State refers to proposed legislation S. 1900, a bill to amend the Foreign Agents Registration Act of 1938 (FARA) by providing for the five-year suspension of exemptions provided to an agent of a foreign principal convicted of treason, espionage offenses or violations of the Export Administration Act and to proposed legislation S. 1901, a bill to amend the Foreign Missions Act (FMA) regarding the treatment of certain communist countries, and for other purposes.

Proposed legislation S. 1900 removes two prior exemptions from registration under the Foreign Agents Registration Act for entities or individuals of the countries specified in the Act. These are the exemptions for those engaged in commerce, trade, or solicitation of contributions (section d) and those in the United States for academic, scientific or fine arts purposes (section e).

The Department sees no objection to the removal of the exemption for commercial activities. Indeed, such reporting requirements would add significantly to our knowledge of such firms located in the United States. However, we believe it would be advisable to report the views of the Department of Commerce on this issue.

The removal of the exemption for academic, scientific or fine arts participants, on the other hand, should be opposed. The reporting requirements of the FARA are intended to apply to long-term residents in the U.S. It would be inappropriate and detrimental to U.S. interests to apply them to scientific or cultural exchangees, most of whom are only in the U.S. for days or weeks. Moreover, there is no security need to apply the FARA to exchanges. There now exists a mechanism whereby the Justice Department (FBI) routinely receives the itineraries, programs, names and addresses of hosts for Soviet and East European exchangees in the arts and sciences. The intelligence community, through the Committee on Exchanges (COMEX), screens

The Honorable  
Richard G. Lugar,  
Chairman, Committee on  
Foreign Relations,  
United States Senate.

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applications by Soviet and Eastern European scientists prior to their being accepted for research or study programs in this country. This gives the U.S. Government the ability to review individual programs for potential technology transfer or intelligence gathering concerns.

Finally, neither the Soviet Union nor any Eastern European country would subject its academic, scientific, or performing arts personnel to the criminal provisions of FARA, which requires them to detail their activities, salary, and contacts to the Attorney General. If this provision were adopted and the USSR and Eastern European nations responded with similar reporting requirements, U.S. exchange travelers -- most of whom are private citizens participating voluntarily -- would certainly refuse to comply. The effect of implementation of S. 1900, therefore, would be to eliminate or seriously curtail the beneficial and well-regulated exchange programs with the Soviet Union and Eastern Europe. These programs provide us with demonstrable scientific benefits and insights into the capabilities of those scientific communities, access to the closed societies of the USSR and Eastern Europe, and exposure of the elites of these societies to the benefits of the democratic U.S. system.

The actions taken in December 1985 by the Department of State in implementing National Security Decision Directive 196 make proposed legislation S. 1901 unnecessary. The Department has already imposed upon the missions of the German Democratic Republic, Czechoslovakia, Poland and Bulgaria the requirement to book commercial travel through the Office of Foreign Missions. Cuba was already under such a requirement. In testimony given before Senator Roth's subcommittee on December 5, 1985, Assistant Secretary Ridgway and Office of Foreign Missions (OFM) Director Nolan stated the rationale for omitting at that time Hungary and Romania from the controls imposed on the others.

All of these foreign missions are now subject to a variety of requirements ranging from the issuance of automobile license plates to the acquisition of real property. The conditions imposed by OFM pursuant to these requirements differ from country to country to reflect the conditions imposed on United States missions. The Department's ability to adjust controls on a country-by-country basis is an important lever in achieving our reciprocity and national security objectives.

Moreover, Department actions are fully coordinated with the intelligence community through OFM and are designed to meet

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specific objectives. The proposed requirement for the Secretary to make specific determinations with regard to each variation in requirements diminishes the authority of OFM to undertake the imposition of these requirements to meet specific problems with regard to any one country. An examination in each case of the impact of such an action on the other six countries, in which circumstances may well be different, would seriously hinder the timely imposition of requirements and would seriously impede the effectiveness of the FMA to improve the treatment of U.S. missions in the affected countries on the basis of reciprocity.

As the Congress now receives a detailed annual report on the operation of the Office of Foreign Missions, the additional reporting requirements (including courtesy copies to the Senate Foreign Relations Committee and the House Foreign Affairs Committee) required by this proposed legislation are unnecessary. The Department believes the proposed amendment to Section 214 of the Foreign Missions Act is both redundant and unnecessary.

The Department supports the proposed amendment to Section 202(a)(4) of the Foreign Missions Act as strengthening the ability of the Department of State to invoke the provisions of the Act with regard to trading offices and other foreign quasi-governmental entities functioning in the United States.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

Sincerely,

James W. Dyer  
Acting Assistant Secretary  
Legislative and Intergovernmental Affairs